House Bill 904

By: Representatives Dickson of the 6th, Coleman of the 97th, Neal of the 1st, Maxwell of the 17th, Lindsey of the 54th, and others

A BILL TO BE ENTITLED
AN ACT

1   To amend Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia

2   Annotated, relating to the "Quality Basic Education Act," so as to provide for a distribution

3   method for equalization grants to school systems in the event that appropriations are

4   insufficient to fully fund such grants; to provide that such distribution method shall apply

5   only through July 1, 2013; to provide for related matters; to provide an effective date; to

6   repeal conflicting laws; and for other purposes.

7   BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8   **SECTION 1.**

9   Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,

10 relating to financing under the "Quality Basic Education Act," is amended by revising Code

11 Section 20-2-165, relating to equalization grants, as follows:

12   "20-2-165.

13   (a) As used in this Code section, the term:

14   (1) 'Assessed valuation' is defined as 40 percent of the equalized adjusted property tax

15   digest reduced by the amount calculated pursuant to subsection (g) of Code Section

16   20-2-164.

17   (2) 'Assessed valuation per weighted full-time equivalent count' is defined as the

18   assessed valuation for the most recent year available divided by the weighted full-time

19   equivalent count for the year of the digest.

20   (3) 'Effective millage rate' is defined as local tax revenues divided by the assessed

21   valuation and multiplied by 1,000; provided, however, that if the amount of local tax

22   revenues is subsequently adjusted as a result of an audit of a local school system's annual

23   financial report, the increase or decrease in local tax revenues resulting from the audit

24   shall cause an adjustment to be made in the effective millage rate that was calculated

25   initially. Any net change in the amount of equalization dollars earned as a result of such

26   adjustment shall be applied to the amount of the local school system's equalization grant

27   in a subsequent fiscal year.

28   (4) 'Eligible full-time equivalent program count' is defined as the sum of the full-time

29   equivalent resident student count and full-time equivalent nonresident student count

30   pursuant to subsection (d) of Code Section 20-2-160 for each program specified pursuant

31   to subsection (b) of Code Section 20-2-161; provided, however, that each local school

32   system's total full-time equivalent nonresident student count for all programs except

33   programs for persons with disabilities shall not exceed the lesser of the count for fiscal

34   year 2000 or the count for any ensuing fiscal year, unless the local school system serves

35   under contract all of the students in one or more grade levels from an adjoining system

36   or unless the system serves students from an adjoining system under court order.

37   (5) 'Equalized adjusted property tax digest' is defined as the most recent equalized

38   adjusted property tax digest furnished to the State Board of Education pursuant to

39   paragraph (1) of subsection (c) of Code Section 20-2-164.

40   (6) 'Guaranteed valuation school system' is defined as the local school system ranking

41   at the seventy-fifth percentile in dollars of assessed valuation per weighted full-time

42   equivalent count, where the ranking of school systems is such that the one-hundredth

43   percentile school system is that with the highest amount in dollars of assessed valuation

44   per weighted full-time equivalent count. For the purpose of determining the assessed

45   valuation per weighted full-time equivalent count of the guaranteed valuation school

46   system only, a reduction of the assessed valuation for exemptions authorized by Code

47   Sections 48-5-44 and 48-5-48 shall be calculated whether such exemptions are granted

48   or not granted by the guaranteed valuation school system.

49   (7) 'Local tax revenues' is defined as the sum of tax revenues for a local school system

50   as furnished to the Department of Education by the school system in its annual financial

51   report, reduced by the total amount of general funds expended for capital outlay or

52   transferred into an escrow account for capital outlay purposes for the most recent fiscal

53   year such data are available and increased by any federal funds designed to replace local

54   tax revenues provided to the said system; provided, however, that the local school system

55   has furnished the state board with acceptable documentation which clearly identifies the

56   source or sources of such federal funds.

57   (8) 'Most recent weighted full-time equivalent count' is defined as the weighted full-time

58   equivalent count derived from full-time equivalent program count data obtained for the

59   purpose of determining the funds initially needed to finance the Quality Basic Education

60   Formula pursuant to subsection (d) of Code Section 20-2-160 for the next ensuing fiscal

61   year.

62   (9) 'Qualified local school system' is defined as any local school system having an

63   assessed valuation per weighted full-time equivalent count for the year of the digest

64   ranking below the guaranteed valuation school system and having an effective millage

65   rate greater than the millage rate applied to calculate the local five mill share pursuant to

66   subsection (a) of Code Section 20-2-164.

67   (10) 'Weighted full-time equivalent count' is defined as the sum of all eligible full-time

68   equivalent program counts multiplied by their respective program weights in effect

69   during the fiscal year that the full-time equivalent program counts were obtained pursuant

70   to Code Section 20-2-161.

71   (11) 'Weighted full-time equivalent count for the year of the digest' is defined as the

72   weighted full-time equivalent count derived from full-time equivalent program count data

73   obtained for the purpose of determining the funds initially needed to finance the Quality

74   Basic Education Formula pursuant to subsection (d) of Code Section 20-2-160 for the

75   current fiscal year.

76   (b) The State Board of Education shall annually calculate the equalization grant for each

77   qualified local school system in the following manner:

78   (1) Subtract the assessed valuation per weighted full-time equivalent count for the local

79   school system from the assessed valuation per weighted full-time equivalent count for the

80   guaranteed valuation school system;

81   (2) Divide the difference resulting from paragraph (1) of this subsection by 1,000;

82   (3) Subtract five from the effective millage rate for the local school system and use the

83   resulting number of effective mills or 15 effective mills, whichever is less, as the number

84   of effective mills to be equalized;

85   (4) Multiply the quotient resulting from paragraph (2) of this subsection by the number

86   of effective mills to be equalized pursuant to paragraph (3) of this subsection; and

87   (5) Multiply the product resulting from paragraph (4) of this subsection by the most

88   recent weighted full-time equivalent count for the local school system.

89   The resulting amount shall be the equalization grant for the ensuing fiscal year; provided,

90   however, that for each local school system which serves under contract all of the students

91   in one or more grade levels from an adjoining system and for each local school system

92   which sends under contract all of the students in one or more grade levels to an adjoining

93   system, the equalization grant shall be calculated to represent the amount that would be

94   earned if the students transferred under said contract were included in the full-time

95   equivalent counts of the local school system in which they reside; provided, further, that

96   any equalization grant to be earned by a local school system sending students to another

97   system under the provisions of such a contract shall be reduced by an amount which

98   represents the equalization funds earned per weighted full-time equivalent student

99   multiplied by the total weighted full-time equivalent count for students transferred, and

100   any equalization grant to be earned by the local school system receiving students under

101   said contract shall be increased by the same amount.

102   (c)(1) The State Board of Education shall allocate respectively the amount calculated

103   under subsection (b) of this Code section to each qualified local school system. For the

104   first effective year of the merger of any two or more local school systems, the

105   equalization grant shall be the addition of amounts which would have been separately

106   earned by the systems participating in the merger or the amount which would have been

107   earned if the systems had already been merged during the year of the applicable digest,

108   whichever is greater. No portion of local five mill share shall be applied to such

109   equalization grants.

110   (2) In the event sufficient funds are not appropriated in a fiscal year to the state board to

111   allot the full amount of equalization grants calculated to be payable to qualified local

112   school systems as provided in this Code section, the state board shall proportionately

113   reduce the amount of funds to be allocated to qualified local school systems, except as

114   otherwise provided in paragraph (3) of this subsection.

115   (3) Prior to July 1, 2013, in the event sufficient funds are not appropriated in a fiscal year

116   to the state board to allot the full amount of equalization grants calculated to be payable

117   to qualified local school systems as provided in this Code section, the state board shall

118   allocate equalization grants to qualified local schools systems as follows:

119   (A) For each qualified local school system ranking between the first and twenty-fifth

120   percentile in dollars of assessed valuation per weighted full-time equivalent count,

121   where the ranking of school systems is such that the one-hundredth percentile school

122   system is that with the highest amount in dollars of assessed valuation per weighted

123   full-time equivalent count, the school system shall receive a minimum of 95 percent of

124   the amount calculated under subsection (b) of this Code section;

125   (B) For each qualified local school system ranking between the twenty-sixth and

126   fiftieth percentile in dollars of assessed valuation per weighted full-time equivalent

127   count, where the ranking of school systems is such that the one-hundredth percentile

128   school system is that with the highest amount in dollars of assessed valuation per

129   weighted full-time equivalent count, the school system shall receive a minimum of 80

130   percent of the amount calculated under subsection (b) of this Code section; and

131   (C) For each qualified local school system ranking between the fifty-first and

132   seventy-fifth percentile in dollars of assessed valuation per weighted full-time

133   equivalent count, where the ranking of school systems is such that the one-hundredth

134   percentile school system is that with the highest amount in dollars of assessed valuation

135   per weighted full-time equivalent count, the school system shall receive the remaining

136   funds calculated under subsection (b) of this Code section proportional to earnings after

137   funds have been allocated for qualified local school systems under subparagraphs (A)

138   and (B) of this paragraph.

139   (d)(1) A midterm adjustment in a local school system's equalization grant shall be

140   made if:

141   (A) The school system ranks at or below the seventy-fifth percentile in dollars of

142   assessed valuation per weighted full-time equivalent count, where the ranking of school

143   systems is such that the one-hundredth percentile school system is that with the highest

144   amount in dollars of assessed valuation per weighted full-time equivalent count; and

145   (B) The school system increases the actual millage levied against its digest for

146   maintenance and operation.

147   (2) If made, the midterm adjustment to the equalization grant shall be calculated as

148   follows:

149   (A) Calculate the percentage change in the actual millage rate for a school system by

150   subtracting the actual millage rate for the prior year from the actual millage rate for the

151   current year and dividing by the actual millage rate for the prior year; provided,

152   however, that for local school systems that impose local option sales taxes for school

153   maintenance and operation, as authorized by law, the Department of Education shall be

154   authorized to adjust this calculation by adding the equivalent property tax millage that

155   would be needed to produce the revenue raised by the local option sales tax to the

156   actual millage rate and calculating a revised percentage change;

157   (B) If the result from subparagraph (A) of this paragraph is a positive number, multiply

158   the number of effective mills calculated as part of the original equalization grant

159   calculation for a given year by the percentage increase calculated in subparagraph (A)

160   of this paragraph. Add the product of this calculation to the effective number of mills

161   from the original equalization grant calculation as described in subsections (a) through

162   (c) of this Code section;

163   (C) Recalculate the equalization grant substituting the revised number of effective

164   mills calculated in subparagraph (B) of this paragraph; and

165   (D) Subtract the initial equalization grant amount from the amount calculated in

166   subparagraph (C) of this paragraph.

167   The resulting amount shall be the midterm adjustment to the equalization grant.

168   (e) If the result from subparagraph (A) of paragraph (2) of subsection (d) of this Code

169   section is a positive number, the local school system's number of effective mills used in the

170   calculation of its equalization grant for the ensuing fiscal year shall be adjusted by

171   multiplying the number of effective mills calculated pursuant to paragraph (3) of

172   subsection (b) of this Code section by the percentage increase calculated in subparagraph

173   (A) of paragraph (2) of subsection (d) of this Code section. The resulting amount shall be

174   the adjusted number of effective mills used in the calculation of the equalization grant

175   pursuant to paragraph (3) of subsection (b) of this Code section; provided, however, that

176   in no event shall the adjusted number of effective mills to be equalized exceed 15 effective

177   mills. For Fiscal Year 2006 only, adjustments to equalization grants as provided in this

178   subsection shall be allocated to local school systems following the adoption of the amended

179   Appropriations Act for Fiscal Year 2006."

180   **SECTION 2.**

181   This Act shall become effective upon its approval by the Governor or upon its becoming law

182   without such approval.

183   **SECTION 3.**

184   All laws and parts of laws in conflict with this Act are repealed.